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Harry Stoller  
Illinois Commerce Commission  
527 East Capitol Avenue  
Springfield, IL 62701

Mr. Stoller:

Mainstay Energy would like to submit the following comments in response to the presentations from the Renewable Portfolio Standard working group meetings of April 5 and April 19. These presentations raised several important points which we would like to see the participants clarify over the next several weeks.

Sincerely,

Joshua Cynamon  
Director of Finance

cc: Michelle Mishoe

### **Voluntary vs. Compulsory Participation**

Several of the working group participants have promoted a voluntary renewable energy objective over a compulsory renewable portfolio standard. Mainstay Energy respectfully submits that this approach will not effect the desired change in energy generation resources. Some have expressed concern that REC prices will increase until they hit the cap set by the penalty. This has, in fact happened in New England, where renewable energy supply is tightly constrained, but has not happened in Texas, where prices hold steady at approximately a third of the \$50/MWh penalty. Texas has, rather, enjoyed some of the greatest success in the country in stimulating renewable energy development.

### **Rate Impact**

Commonwealth Edison suggested that the impact of purchases for their RFP Solicitations 1 and 2 should be capped at a 0.5% of bundled revenue, in order to protect customers from excessive price increases. But their plan did not include details on how they proposed to measure this rate impact. What impact would a uniform premium exactly equal to the \$25/MWh alternate compliance payment (ACP) have on customer rates? What if the ACP were instead \$50/MWh? What average REC price does a 0.5% rate impact imply?

Additionally, the plan did not address how they planned to distinguish between price increases following the expiration of the rate freeze and price increases attributable to renewable energy procurement. These formulae are integral to assessing whether the 0.5% cap is acceptable.

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### **Generator vs. Distributor Responsibility**

Placing responsibility with either group requires well-defined ownership of the renewable energy certificates. Consider the case where Utility A's distribution customer purchases renewable energy from direct access provider, First Generation Services. Does Utility A receive "credit" for that transaction? Many such customers commit to renewable energy providers with the understanding that their purchase will increase total renewable energy generation. Mainstay Energy urges the Commission to act with care, to avoid any risk of double-counting these renewable energy certificates.

For questions or clarification, please contact:

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